

ALLTEL CORPORATION

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August 20, 1998

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

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AUG 20 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: In the Matter of 1998 Biennial Regulatory Review --
Review of ARMIS Reporting Requirements
CC Docket No. 98-117

Dear Ms. Salas:

Enclosed for filing on behalf of ALLTEL Communications Services Corporation ("ALLTEL") please find an original and six (6) copies of its comments in connection with the above-referenced matter.

Also, in accordance with the Commission's Notice of Proposed Rulemaking dated July 17, 1998, I am sending a copy of ALLTEL's comments to Anthony Dale of the Accounting Safeguards Division and one copy to the Commission's duplicating contractor, International Transcription Services.

Please address any questions respecting this matter to the undersigned counsel.

Very truly yours,

Carolyn C. Hill

CCH/ss

Enclosures

cc: (w/encl.)
Kathryn C. Brown, Chief, Common Carrier Bureau
Anthony Dale (Accounting Safeguards Division)
International Transcription Service, Inc.

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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**Comments of
ALLTEL Communications Services Corporation**

ALLTEL Communications Services Corporation, on behalf of its local telephone exchange affiliates (hereinafter "ALLTEL" or the ALLTEL companies"), respectfully submits its comments on the Commission's Notice of Proposed Rulemaking ("NPRM") released July 17, 1998, in the above-captioned matter.

Introduction

ALLTEL commends the Commission's willingness to address many of the existing impediments to achievement of the objectives of the 96 Telecom Act, and we support the thrust of the Commission's instant proposal to reduce the regulatory burdens on mid-sized LECs. Moreover, as part of the Commission's continued progressive actions, ALLTEL strongly endorses favorable and timely action on the pending petition for forbearance filed on February 17, 1998 by the Independent Telephone and Telecommunications Alliance ("ITTA") of which ALLTEL is a member. ITTA's petition requested forbearance with respect to nine Commission requirements which impose unnecessary recordkeeping and

reporting requirements on two-percent LECs (i.e., those serving less than two-percent of the Nation's subscriber lines installed in the aggregate nationwide). Among these regulations are those requiring Class A accounting, CAM filings and audits, and ARMIS reports for those LECs having annual operating revenues exceeding a revenue threshold, as adjusted for inflation, each year. (At the time the petition was filed that indexed revenue threshold was \$109 million; it has since been adjusted for inflation to \$112 million.) Instead of using a revenues test, ITTA's petition proposes the use of a legislative-based standard of two percent. In other words, LECs serving less than two percent of the Nation's access lines would not be required to use Class A accounting, file CAMs or ARMIS reports, or be subject to an audit. The current reporting requirements, as pointed out by ITTA, impose disproportionate burdens on the two percent companies, especially when costs are measured on a per-line or per-customer basis. These compliance costs can easily total many multiples of those of the largest companies.

The 96 Telecom Act was intended to profoundly change the regulatory landscape in America. As a result, the Commission was given the power under Section 10 to forbear when forbearance will enhance competition among providers of telecommunications services. ITTA's petition identified nine areas qualifying for such forbearance and it is now ripe for Commission action.

Also, under Section 11 of the 96 Act, the Commission, for the first time, must perform biennial review of regulations that apply to the operations or activities of any provider of telecommunications services in order to determine whether any such regulation is no longer necessary in the public interest as the result of meaningful economic

competition between providers of such service. It must then reject or modify those determined to be no longer necessary.

The ARMIS Proposal Does Not Go Far Enough

The underlying problem presented by the Commission's NPRM is that it continues a "business as usual" approach to ARMIS reporting. Thus, while the Commission proposes to eliminate certain information in the ARMIS reports, such as the equal access information in the ARMIS 43:04, the fact remains that ARMIS reporting will continue to be costly and burdensome for the ALLTEL LECs. The adherence to ARMIS reporting requirements which continue to burden the ALLTEL LECs -- without any concomitant benefit other than to their competitors -- is not in the public interest. There are less burdensome alternatives available which will still enable the Commission to fulfill its statutory obligations. These alternatives will place competitors on an equal but not unfair footing with the incumbent LEC. Specifically, relevant financial data is available in each mid-sized LEC's 10K and annual report. Further, any specific Commission need for information involving tariffs or cost allocation can be provided to the Commission upon request.


Conclusion

The pending ITTA petition for forbearance has presented cogent and compelling reasons for forbearance now for two-percent companies from certain Commission requirements, such as ARMIS, Class A accounting, and CAM filings and audit requirements. Rather than continuing to fashion needed regulatory relief for two-percent

companies on a costly, time-consuming, and wholly unnecessary incremental basis,
ALLTEL respectfully requests that the Commission act now and grant the ITTA petition.

Respectfully submitted,

ALLTEL Communications Services Corporation

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Dated: August 20, 1998